

DEC 23 2005

DEPT OF INSURANCE  
BY CB

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

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4 **In the Matter of the** ) **Docket No. 05A-182-INS**  
5 **Merger of** )  
6 **Southern Foundation Life Insurance** ) **ORDER APPROVING**  
7 **Company** ) **MERGER**  
8 **(Company Code #5580),** )  
9 **Insurer,** )  
10 **Into** )  
11 **Risk Associates Life Insurance** )  
12 **Company** )  
13 **(Company Code #5579),** )  
14 **Petitioner.** )  
15 )  
16 )

17 On November 28, 2005, pursuant to A.R.S. § 20-731, Risk Associates Life  
18 Insurance Company ("Petitioner") submitted an application to the Arizona Department of  
19 Insurance (the "Department") for the merger of Southern Foundation Life Insurance  
20 Company ("Insurer") with and into Petitioner.

21 Based upon reliable evidence provided to the Director of Insurance ("Director")  
22 by the Assistant Director of the Financial Affairs Division of the Department, the Director  
23 makes the following Findings of Fact, Conclusions of Law and enters the following  
24 Order:  
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1 FINDINGS OF FACT

2 1. Insurer is duly qualified and authorized as an unaffiliated credit life and  
3 disability reinsurer in the State of Arizona.

4 2. Petitioner is duly qualified and authorized as an unaffiliated credit life and  
5 disability reinsurer in the State of Arizona.

6 3. No evidence has been produced that would indicate or form the basis for a  
7 finding that the Plan and Agreement of Merger previously filed with the Department:

- 8 a. Is contrary to law;  
9 b. Is unfair in the terms and conditions of the exchange of securities;  
10 c. Would substantially reduce the security of and service to be rendered to  
11 the policyholders of the Insurer in this State or elsewhere.

12 4. Insurer has a \$100 deposit with the Insurance Examiners' Revolving Fund  
13 ("IERF").

14 5. The Department holds a statutory deposit in the amount of \$100,000 on  
15 behalf of the Insurer.

16 6. Petitioner has prepared Articles of Merger it intends to file with the Arizona  
17 Corporation Commission.

18 CONCLUSIONS OF LAW

19 1. The application established that none of the enumerated grounds set forth  
20 in A.R.S. § 20-731 exist so as to provide a basis for disapproval or rejection of the Plan  
21 and Agreement of Merger.

22 2. The evidence established that Petitioner has complied with the provisions  
23 of A.R.S. § 20-731 and established by credible evidence that the Plan and Agreement  
24 of Merger between Insurer and Petitioner should be approved.  
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ORDER

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2           1.     Petitioner may file its Articles of Merger with the Arizona Corporation  
3 Commission.

4           2.     The Plan and Agreement of Merger between the Insurer and the Petitioner  
5 shall be approved.

6           3.     Petitioner shall file its 2005 Annual Statement including applicable fees  
7 with the Department unless Petitioner files its Articles of Merger with the Arizona  
8 Corporation Commission on or before December 31, 2005.

9           4.     Petitioner shall pay its Certificate of Authority renewal fee and file its 2005  
10 Annual Form "B" Registration Statement if the Articles of Merger are not filed on or  
11 before March 31, 2006.

12           5.     Petitioner is entitled to the release of Insurer's statutory deposit in the sum  
13 of \$100,000. Insurer's statutory deposit shall be released to the Petitioner after the  
14 Department receives the following: (a) a copy of Petitioner's Articles of Merger certified  
15 as having been filed with the Arizona Corporation Commission; (b) a fully executed  
16 Form E126CD and a Treasurer Release Receipt Form E101; (c) payment of any  
17 outstanding invoices owing to the IERF, and (d) a payment of \$348.75 to the Director of  
18 Insurance for the January 1992 Computer Fund Assessment. The Director has no  
19 personal liability for the release of such deposit so made by her in good faith as  
20 provided in A.R.S. §20-588(B).

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